



Rural Utilities Service

7 CFR Part 1752

RIN 0572–AC41

Special Servicing of Telecommunications Programs Loans for Financially Distressed Borrowers

AGENCY: Rural Utilities Service, USDA.

ACTION: Final rule; confirmation and response to comments.

SUMMARY: The Rural Utilities Service (RUS), a Rural Development agency of the United States Department of Agriculture (USDA), is confirming the final rule published in the *Federal Register* on February 25, 2020 to outline the general policies for servicing actions associated with financially distressed borrowers from the Telecommunications Infrastructure Loan Program, Rural Broadband Program, Distance Learning and Telemedicine Program, Broadband Initiatives Program, and Rural e- Connectivity Pilot Program. This document also provides the Agency an opportunity to acknowledge the one public comment received on the final rule.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTRR], the final rule published February 25, 2020 at 85 FR 10555 is confirmed.

FOR FURTHER INFORMATION CONTACT: Laurel Leverrier, Assistant Administrator Telecommunications Program, Rural Utilities Service, U.S. Department of Agriculture (USDA), email: laurel.leverrier@usda.gov, telephone: (202) 720–3416.

SUPPLEMENTARY INFORMATION: The Rural Utilities Service improves the quality of life in rural America by providing investment capital for deployment of rural telecommunications infrastructure. To achieve the goal of increasing economic opportunity in rural America, the Agency finances infrastructure that enables access to a seamless, nationwide telecommunications network. With access to the same advanced telecommunications networks as its urban counterparts—especially those designed to accommodate distance learning,

telework, and telemedicine —rural America will eventually see improving educational opportunities, health care, economies, safety and security, and ultimately higher employment. The Telecommunications Infrastructure Loan Program, Rural Broadband Program, Distance Learning and Telemedicine Program, Broadband Initiatives Program and ReConnect Program (hereinafter collectively referred to as the ‘‘RUS Telecommunications Programs’’) provide loan funding to build and expand broadband and telecommunications services in rural communities.

This final rule confirms the final rule that published in the *Federal Register* on February 25, 2020 at 85 FR 10555, which outlines the general policies and procedures for servicing actions associated with the RUS Telecommunications Programs Borrowers in financial distress with the mutual objective of avoiding or resolving a monetary default of the RUS debt. This final rule will ensure that recipients comply with the established objectives and requirements for loans, repaying loans on schedule or within the revised terms as agreed to by the Agency, and act in accordance with any necessary agreements. It will also ensure that the Agency will handle servicing actions in a consistent approach across all RUS Telecommunications Programs, as well as protect the financial interest of the Agency.

Summary of Comments and Responses

RUS invited comments on the final rule published in the *Federal Register* on February 25, 2020 at (85 FR 10555). While two comments were received, one was not relevant to this rule. The only relevant comment, submitted by NTCA-THE RURAL BROADBAND ASSOCIATION, contained four (4) modifications/considerations relevant to the servicing rule (SR). The Agency’s responses are as follows:

Issue 1: NTCA recommends the creation of an interface to guide staff and borrowers to the selection of the most appropriate loan servicing option.

Agency Response: RUS agrees that the suggestion to have interface with borrowers to receive guidance from the Agency is a suggestion worth exploring and will take it under consideration. Since every distressed borrower has distinct financial and legal issues, the agency

is considering issuing written guidance, such as FAQs, and implementing, a help desk, or possibly even outreach events such as webinars.

Issue 2: NTCA recommends the agency consider historic repayment performance of borrowers (both individually and in the respective programs) in reservicing proceedings.

Agency Response: In determining feasibility of any requested action, the agency already takes into consideration the borrower's historical and current financial information, which includes its repayment history. Additionally, the required financial forecast provides the Agency with the borrower's own assessment and prediction as to repayment.

Issue 3: NTCA urges consideration of the utilization of waivers to avoid "unnecessary or onerous filings".

Agency Response:

RUS is mindful of the timing and the cost associated with preparing some of the required information to seek special servicing actions. However, the agency needs to request the core documents for consideration of all distressed borrowers so that all every borrower is treated in the same manner. More importantly, these core documents are the minimum financial information that is necessary to make an informed decision on the servicing option.

With respect to the additional documents that may be requested by the Agency under section 1752.6, the agency notes that only information related to the specific servicing action will be requested. That said, the borrower will have ample opportunity to suggest the most efficient and cost-effective ways to provide this information to the RUS.

Issue 4: NTCA supports the conclusion of reservicing requests within a reasonable timeframe.

Agency Response: RUS agrees that timing is often critical in dealing with financially distressed borrowers whose resources may be limited and are rapidly being depleted. It is nevertheless important not to rush through a process which may lead to overlooking key factors or result in outright errors which may waste precious time in the long run.

As indicated above, most distressed borrowers have distinct financial and legal issues which require different periods to resolve. The time frame for completing a loan workout is a function of numerous factors including: (1) the complexity and depth of the challenges facing the borrower; (2) the completeness and quality of the information provided with the initial request; (3) how much time since the problems surfaced before the borrower seeks assistance; and (4) the experience and qualifications of management and their team. The availability of resources at RUS may also be a factor. As such, it would not be in the best interest of any of the parties to establish a set timeframe for servicing. . Similarly, a “fast track” of the process, or the use of waivers, may not produce the best possible outcome for the borrower.

The RUS appreciates the interest of the NTCA-The Rural Broadband Association (NTCA) with regard to the Special Servicing of Telecommunications Programs Loans for Financially Distressed Borrowers final rule and thanks them for their submission.

Christopher A. McLean,

Acting Administrator, Rural Utilities Service.

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